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C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 000791

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STATE FOR T- WOLCOTT, ISN - MCNERNEY, ISN/NESS - BURKART  
UNVIE FOR SHULTE

E.O. 12958: DECL: 7/2/2018  
TAGS: [ENRG](#) [KNNP](#) [ECON](#) [EINV](#) [AE](#)  
SUBJECT: UPDATE ON UAE'S NUCLEAR POWER PLANS

REF: A) STATE 68313, B) ABU DHABI 397, B) ABU DHABI 371, C) ABU DHABI 299

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11. (U) This is an action request. Please see para 10.

12. (C) Summary: Econchief and TDY Econoff met with Executive Affairs Authority Director of Economic Affairs David Scott and EAA member Hamad Al-Kaabi on July 1 to discuss UAE progress on the Section 123 Nuclear Cooperation Agreement and to solicit a UAE pledge to fund the Nuclear Threat Initiative (NTI) proposal for a nuclear fuel bank. EAA officials proposed traveling to the U.S. to present and explain their comments on the draft agreement to U.S. negotiators. They expressed concern that some clauses in the agreement, including the "terminate at convenience" provision and the prohibition on reprocessing could serve as barriers to cooperation especially with U.S. technology providers. They reiterated the UAE's commitment to adhering to the highest standards of safety and non-proliferation, including the renunciation of domestic enrichment and reprocessing. Abu Dhabi is in the process of soliciting bids for a managing agent to evaluate technology providers and a builder for the first plant and hopes to have the winning bidder selected by October 13. The EAA subsequently briefed the UAE foreign minister on the NTI initiative, and he is considering it. End Summary.

Progress on 123  
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13. (SBU) In response to Econchief's question about the status of the UAE review of the draft 123 agreement, Scott stressed that his answers were informal and preliminary, since the EAA had not yet had the opportunity to brief UAE Foreign Minister Sheikh Abdulla bin Zayed Al-Nahyan (AbZ) and obtain his concurrence. He explained that the EAA had reviewed the draft agreement carefully, comparing it both with previous Article 123 Agreements and with the UAE's existing agreement with France and with draft text from its ongoing negotiations with the UK and other parties. The goal was to sign an agreement that would facilitate cooperation with the USG and with U.S. firms and would support the UAE's commitment to high standards of non proliferation and safety.

14. (C) EAA officials expressed some concerns about certain sections of the agreement, although they believed that these were resolvable. Scott explained that some provisions could actually inhibit cooperation with U.S. firms. By way of example, he cited the "termination of convenience" clause, whereby the U.S. could terminate the agreement with one year notice and no reason. He noted that this provision was not in any previous 123 Agreement that the UAE had reviewed. If the UAE signed up to this clause, he said, it would need to factor the cost of any potential USG termination into its

decision about whether to buy U.S. technology, which would hurt the competitiveness of U.S. firms. He also highlighted the prohibition on reprocessing as potentially problematic. Although the UAE had renounced both domestic reprocessing and enrichment, it needs to be able to make an economic decision as to whether or not to avail itself of foreign reprocessing as part of any waste management plan. He suggested that, once the EAA had AbZ's guidance, it would send a team to the U.S. to present its comments on the draft text and to explain UAE reasoning.

15. (U) On July 2, Al-Kaabi contacted Econchief to say that the EAA had briefed AbZ and had obtained his approval to move forward. He proposed sending a team to the U.S. to discuss the UAE's 123 agreement comments with U.S. negotiators and asked Econchief to explore possible dates. He stated that the UAE could send a team either on the 13th of July or after July 26 if those dates work for the USG.

#### Nuclear Fuel Bank -----

16. (C) Econchief also urged that the UAE consider pledging a contribution to match the Nuclear Threat Initiative's proposal for a nuclear fuel bank. He noted that the proposal was consistent with the UAE's published nuclear energy policy. Al-Kaabi, who was very familiar with the proposal and had a copy of the former Senator Nunn letter to AbZ, stated that he planned to brief the initiative to AbZ. He agreed that the idea of a fuel bank is consistent with the UAE's policy. During the July 2 conversation, Al-Kaabi (protect) told Econchief that he had briefed AbZ on the request and that AbZ said that he would need to consider the matter. He speculated that AbZ would need to consult with other senior members of the Abu Dhabi ruling family on any potential expenditure, but suggested that AbZ appeared positively disposed to the idea.

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#### Abu Dhabi Moving forward on plans -----

17. (SBU) On June 24, Thorium Vice President Dennis Hayes told Econchief that EAA had reached out to about 20 companies for expressions of interest in bidding for the position of managing agent. EAA had reduced the number to around nine (including Bechtel, Fluor, AMEC, and Jacobs) whom it had invited to a series of meetings and briefings in Abu Dhabi. The managing agent would work within the new Emirates Nuclear Energy Company (ENEC) and would evaluate technology vendors, builders for the plant and site locations. It would not be able to bid on either the plant construction or the technology. Abu Dhabi's goal is to select a winning bidder by October 13. Hayes added that Abu Dhabi hopes to select the reactor technology by November 2009 (with some hope of moving it forward to summer 2009). He noted that the EAA had been impressed with the passive safety features in the Westinghouse technology. Although Scott declined to go into details about the meeting, he expressed irritation with AMEC for leaking the discussion to the news media, especially since the media got the story wrong.

18. (SBU) Scott also said that the UAE was moving forward on developing a nuclear regulatory authority and had made an offer to an individual to head that authority. He declined to say who, but we understand that both candidates are IAEA staff members. Scott said that once the authority is up and running, they would like to explore the possibility of cooperation with the NRC and examine whether the NRC (and other regulators) could second personnel to the UAE regulator.

19. (U) Action request. Please advise as to availability of appropriate USG interlocutors to discuss UAEG comments on the draft 123 agreement. UAE proposed dates to travel to U.S. would be either July 13 or after July 26. End Action request.  
Quinn.